

STATE OF SOUTH CAROLINA

(Caption of Case)
In the Matter of:

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

Application of Duke Energy Carolinas, LLC For
Authorization Under Article 13, Chapter 27 of Title
58 Of The Code Of Laws of South Carolina (1976, As
Amended) to Issue and Sell Securities

DOCKET

NUMBER: 2007 - 338 - E

(Please type or print)

Submitted by: Timika Shafeek-Horton

SC Bar Number: 75451

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Charlotte, NC 28202

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

March 23, 2012

Ms. Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
1000 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Docket No. 2007-338-E

Dear Ms. Boyd:

Attached for filing please find Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") Application For Authorization to Issue and Sell Securities under Article 13, Chapter 27, of Title 58, of the Code of Laws of South Carolina (1976, As Amended). Pursuant to the Public Service Commission of South Carolina ("Commission") Order No. 2011-758, Duke Energy Carolinas' responses to questions presented with respect to applications of this type are set forth below. The Company has generally responded to the questions by reference to certain material in the Application, but has expanded the response herein where appropriate. The Commission's questions are reproduced below, with Duke Energy Carolinas' response following each question. Capitalized terms not defined herein have the meanings given them in the Application.

1. Identify the effect on the income statement and balance sheet of the proposed financing.

Generally, the proposed financings will affect the Company's income statement by increasing pre-tax interest expense to reflect interest payable on new securities, offset by the reduction in pre-tax interest expense associated with any redeemed or maturing debt. A pro forma unconsolidated balance sheet is provided in Exhibit E to the Application.

2. Identify the planned use of the funds obtained through the proposed financing of the Company.

The proceeds resulting from the proposed financings will be used as set forth in Section 8 of the Application.

3. Provide information on the possible impact on the Company if the proposed financing is not approved or if approval is delayed.

Disapproval or delay of the Application would prevent the Company from having access to funding from the capital markets, in the amounts it has deemed necessary

Company would not have sufficient financial flexibility in determining the timing and amounts of its offerings of securities. Such flexibility enhances the Company's ability to fund its operations most efficiently.

4. **Specify the best estimate of the rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the best estimate of price and book value per share at the time of issue.**

Currently, indicative pricing for annual interest rates on the Company's first and refunding mortgage bonds is 3.15% for 10-year bonds and 4.45% for 30-year bonds. This indicative pricing reflects market conditions as of March 20, 2012, and actual costs will change due to changes in market conditions, U.S. Treasury bond yields, the company's credit rating and other factors that might impact the rate investors' demand for securities with similar characteristics and from companies with similar credit ratings. An interest rate for each long-term debt issuance will be set immediately prior to execution of a binding underwriting agreement for such securities.

The Company's Application does not contain a request relating to common stock.

5. **Provide information on the expected benefits (example - savings expected from early debt retirement) and costs (example - issuance expenses) of the proposed financing. Provide any studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs/benefits.)**

a. Identify the basic assumptions of any analyses of costs/benefits.

The expected benefits of the proposed financings include satisfying the Company's funding requirements as set forth in Section 9. The proposed financings would allow the Company to continue to finance its ongoing electric plant construction, and to potentially redeem or purchase outstanding securities and lower its cost of capital through economical refinancings. Costs of issuing the securities are expected to be generally consistent with those reported to the Commission in previous dockets authorizing the issuance of securities. The Company has not developed any studies of the type described in this question.

6. **Identify the impact on the firm's capital structure of the proposed new financing.**

Please refer to the pro forma unconsolidated statement of capitalization contained in Exhibit H to the Application.

Thank you for your attention to this matter, and please let me know if you have any questions.

Very truly yours,



Timika Shafeek-Horton

BEFORE

**THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

Docket No. 2007-338-E

Application of Duke Energy Carolinas, LLC)	
For Authorization Under Article 13, Chapter)	
27 of Title 58 Of The Code Of Laws of South)	APPLICATION
Carolina (1976, As Amended) to Issue and)	
Sell Securities)	

Duke Energy Carolinas, LLC (the “Company” or Applicant”) hereby makes application for authorization from the Public Service Commission of South Carolina, (“Commission”) to issue and sell, from time to time, a maximum of \$2,000,000,000 aggregate principal amount of securities of the types listed herein, in the manner hereinafter described. This Application is made pursuant to Article 13, Chapter 27 of Title 58 of the Code of Laws of South Carolina, (1975, as amended) (§ 58-27-1720) and other applicable Rules, Regulations, and Statutes. In support of this Application, the Applicant shows the Commission the following:

1. Description of the Company

The Company is a limited liability company duly organized and existing under the laws of the State of North Carolina, domesticated under the laws of the State of South Carolina to conduct business within this state. It is engaged in the business of generating, transmitting, distributing and selling electric power and energy, and is a public utility subject to the jurisdiction of this Commission and the North Carolina Utilities Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is a wholly owned subsidiary of Duke Energy Corporation, which is a holding company headquartered in Charlotte, North

Carolina. Duke Energy Corporation wholly owns three other electric utility subsidiaries, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc. In addition, Duke Energy owns various nonregulated energy businesses primarily in the U.S. and Latin America.

2. Notices and Communications

The names and addresses of the Company's attorneys who are authorized to receive notices and communications with respect to this application are:

Timika Shafeek-Horton
Deputy General Counsel
Duke Energy Carolinas, LLC
550 South Tryon Street
Charlotte, North Carolina 28202
(704) 382-6373

and

Robert T. Lucas III
Deputy General Counsel and Assistant Secretary
Duke Energy Carolinas, LLC
550 South Tryon Street
Charlotte, North Carolina 28202
(704) 382-8152

3. Outstanding Debt Obligations

The Company's existing outstanding long-term debt principally consists of First and Refunding Mortgage Bonds, Senior Debt, Tax Exempt Bond Obligations and Other Long-Term Debt. A schedule of all such Bonds, Senior Debt, Tax Exempt Bond Obligations and Other Long-Term Debt outstanding as of September 30, 2011 is attached hereto as Exhibit A. All of the outstanding First and Refunding Mortgage Bonds were issued under the terms of a First and Refunding Mortgage dated as of December 1, 1927, from the Company to The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented and amended by various Supplemental Indentures (hereafter sometimes referred to as the "Mortgage"), copies of all of

which have been filed with this Commission. Substantially all of the Senior Debt consists of Senior Notes issued under a Senior Indenture to The Bank of New York Mellon, dated as of September 1, 1998 (the “Senior Indenture”).

The Tax Exempt Bond Obligations resulted when the Company borrowed the proceeds of the sale of tax exempt pollution control or solid waste disposal revenue bonds issued by various governmental authorities pursuant to authorization granted by this Commission.

The Other Long-Term Debt includes a financing arrangement utilizing commercial paper backed by the long-term credit facility described in Section 4(ii) below.

4. Description of Proposed Securities

Subject to the approval of this commission and the North Carolina Utilities Commission, the Company proposes to issue, sell, incur or undertake from time to time a maximum of \$2,000,000,000 aggregate principal amount of all or any combination of Proposed Debt Securities, Long-Term Bank Borrowings, Tax Exempt Bond Obligations, Capital Lease Obligations and Interest Rate Management Agreements, all as defined or described below (collectively, the “Proposed Securities”):

(i) Long-Term Debt Securities (“Proposed Debt Securities”)

The Proposed Debt Securities may be unsecured debt instruments or First and Refunding Mortgage Bonds.

To the extent the Proposed Debt Securities are Senior Notes, they will be created and issued under the Senior Indenture as heretofore supplemented or as further supplemented by a Supplemental Indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are Subordinated Notes, they will be created and issued under the Company's Subordinated Indenture to the Bank of New York Mellon, as Trustee, dated as of December 1, 1997, as heretofore supplemented or as further supplemented by a Supplemental Indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are the Company's First and Refunding Mortgage Bonds, they will be created and issued under the Mortgage, as heretofore supplemented and as to be further supplemented and amended by a Supplemental Indenture to be executed in connection with their issuance. They will be subject to all of the provisions of the Mortgage, as supplemented, and by virtue of said Mortgage will constitute (together with the Company's outstanding First and Refunding Mortgage Bonds) a first lien on substantially all of the Company's fixed property and franchises.

When any of the Proposed Debt Securities are issued for refunding or refinancings, the Company proposes to execute the proposed transactions so that, over time, there will be no material effect on the Company's capitalization with respect to the source of funds.

The Proposed Debt Securities may also consist of debt securities subject to remarketing prior to maturity. Consistent with prior orders of the Commission, any remarketing of such securities or resetting of their interest rates prior to the scheduled maturity date would not be deemed to be a re-issuance of such securities by the Company, so as to reduce the amount of securities otherwise permitted to be issued by the Company pursuant to the terms of the Commission's order in this docket.

(ii) Long-Term Bank Borrowing.

The Company further seeks permission to make long-term borrowings under its Master Credit Facility (“Long-Term Bank Borrowings”). On November 18, 2011, the Company, along with Duke Energy Corporation and certain of its other wholly-owned subsidiaries, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., entered into a \$6,000,000,000 Five-Year Credit Agreement, dated as of November 18, 2011, with the lenders listed in the agreement, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A. and The Royal Bank of Scotland plc, as Co-Syndication Agents, and Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, Industrial and Commercial Bank of China Limited, New York Branch, JPMorgan Chase Bank, N.A. and UBS Securities LLC, as Co-Documentation Agents. The agreement replaces the Corporation’s previous \$3.14 billion credit facility, which was due to expire in June, 2012. Under the facility, \$4 billion is currently available to the borrowers. The remaining \$2 billion will become available following completion of the proposed merger with Progress Energy, Inc. Upon the effectiveness of such additional borrowing capacity, Progress Energy Carolinas, Inc. and Progress Energy Florida, Inc. will become additional borrowers under the facility. The credit agreement will, among other things, support Duke Energy Corporation’s commercial paper program. The facility contains borrowing sublimits for the borrowers, including the Company, as set forth in the agreement. The Company may currently borrow up to its initial sublimit of \$1,250,000,000 under the facility, and may, at its option, increase the borrowing sublimit to a maximum of \$1,500,000,000. Under the agreement, any borrowing of more than one year in duration by the Company (or any

other borrower other than Duke Energy Corporation) must be specified as a long-term borrowing in the notice of borrowing to the lenders, and requires permission from the Commission in the manner required for other long-term debt securities. The Company therefore requests the Commission's approval for borrowings in excess of one year in duration, under the Master Credit Facility or such other similar bank borrowing arrangements the Company may enter into from time to time.

(iii) Tax Exempt Bond Obligations

The Company proposes to enter into agreements to borrow proceeds from the sale of tax exempt debt securities issued by one or more governmental authorities ("Tax Exempt Bonds"), to fund construction of qualifying facilities associated with the Company's electric generation plants (and qualifying related expenditures), to reimburse costs previously expended for such purposes, or to refund previously outstanding Tax Exempt Bonds. The Company's obligation to repay the issuing authority may be direct, through a secured or unsecured loan agreement between it and the authority, or indirect through financing arrangements such as a letter of credit posted by a bank to secure the Company's obligations on the Tax Exempt Bonds. The Company's direct obligation under a loan agreement with the authority may be insured by a third party or secured by issuance of a First and Refunding Mortgage Bond or other secured instrument.

(iv) Capital Lease Obligations

The Company proposes to enter into capital lease obligations ("Capital Leases"), under which it will utilize Capital Leases as another form of financing the capital requirements discussed in Section 9 of this Application. The Capital Leases will have

structures and terms similar to other forms of debt financing, but with the potential, in certain instances, to lower the overall cost of financing property acquisitions.

Capital Leases will be used to finance the acquisition of new property, including in connection with construction of new electric plant, or refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property's expected life. The property expected to be leased will consist of equipment used in the Company's operations including, but not limited to, meters, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, computers and office equipment, and intangible property such as software and site licenses (collectively, the "Property").

The amount financed under each Capital Lease, excluding transaction costs, is not expected to be more than the net capitalized cost of the Property or the appraised value of the Property (in the event more than the capitalized cost is financed).

In accordance with generally accepted accounting principles, the net capitalized cost of property usually includes installation, training, allowance for funds, administrative overhead and other costs capitalized in connection with acquiring and placing the property in service. Such costs are expected to be included in the Property cost financed under each Capital Lease.

To effectuate Capital Lease transactions, the Company will obtain third-party lease financing for the original purchase or refinancing of Property acquisitions, and an agreement will be executed with a financing counterparty (the "Lessor") setting forth the terms of each Capital Lease.

As part of the consummation of a Capital Lease transaction, the Lessor will typically either (1) pay the vendor and the Company for their respective costs associated with the Property acquisition or (2) reimburse the Company for the capitalized cost of the Property, with the Company concurrently paying the vendor the invoice cost.

The Company may enter into one or more participation agreements with its affiliates and the Lessor in connection with the Capital Leases, with such agreements defining the Company's role as principal and, as applicable, agent on behalf of its affiliates for billing and payment remittance purposes. Such arrangements will be undertaken solely for administrative efficiencies and the convenience of the parties involved and will be subject to applicable standards relating to transactions among affiliates.

At the end of each initial or renewal lease term, it is anticipated that the Company will have an option to either (a) renew each Capital Lease pursuant to arm's-length negotiation with the Lessor or other potential lessors, (b) purchase the Property, or (c) terminate the Capital Lease.

(v) Interest Rate Management Agreements

As described in its Application for Amended Order dated July 15, 2009, in this docket (the "Amendment Application"), the Company utilizes various techniques to manage the interest costs it incurs in connection with its financial obligations. Although it is unclear whether or not such activities constitute the issuance of securities within the meaning of S.C. Code Ann. Section 58-27-1720, the Company nevertheless respectfully requests that the Commission grant it authority to utilize interest rate management techniques and enter into Interest Rate Management Agreements to manage its interest

costs. As discussed in the Amendment Application, having explicit Commission authority for such agreements will allow the Company to be able to defer the mark-to-market impact of Interest Rate Management Agreements under Statement of Financial Accounting Standards 71. Such authority will allow the Company sufficient alternatives and flexibility in effectively managing interest rate risk.

Interest Rate Management Agreements will include products commonly used in today's capital markets. These products include, but are not limited to, interest rate swaps, caps, collars, floors, options, or other hedging products such as forwards or futures. The Company expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated notional amount and may be entered into in connection with underlying fixed or variable obligations of the Company.

The Company will establish pricing for Interest Rate Management Agreements through negotiated offerings, through a competitive bidding process, or otherwise in accordance with recognized market practices.

The notional amount of any given Interest Rate Management Agreement will correspond to all or a portion of a current or future debt security authorized by Commission order. Therefore, entry into a given Interest Rate Management Agreement itself will not reduce the amount of “shelf” authority under such Commission order.

5. Method of Issuance and Sale

To the extent the Proposed Securities are issued and sold in one or more public offerings subject to registration under the federal securities laws, the Company will sell the Proposed Securities during the effective period of a “shelf” registration statement which the Company has

filed with the Securities and Exchange Commission in connection with the registration of such securities. The Company proposes to enter into negotiations with, or request competitive proposals from, investment bankers or other financial institutions to act as agents, dealers, underwriters, or direct purchasers in connection with either the public or private offering of each issuance of Proposed Securities in accordance with the terms thereof. The Company will determine which sales method and financial institution(s) will provide the most favorable terms to the Company for any issuance and sale of the Proposed Securities. Certain types of the Proposed Securities, such as bank borrowings, capital leases and interest rate management agreements, are not typically “sold” in a public or private offering. The method of issuance of such securities will be as described in the corresponding part of Section 4.

6. Previously Granted Authority

The authority requested herein is to replenish the authority previously granted under the Commission’s Order 2010-201 in this docket, of which \$1,950,000,000 has been utilized as further described in the Company’s Reports of Issue and Sale in such Docket. The Company requests that the remaining authority granted in such order be terminated, and subsumed within the authority which may be granted under the Commission’s order requested in this application.

7. Fees and Costs

The Company will pay no fee for services (other than attorneys, accountants, trustees, rating agencies and fees for similar technical services) in connection with the negotiation and consummation of the issuance and sale of any of the Proposed Securities, nor for services in securing underwriters, agents, dealers or purchasers of such securities (other than fees negotiated with such persons).

8. Use of Proceeds

Proceeds from issuance of the Proposed Securities may be used for (a) the purchase or redemption of the Company's outstanding higher cost securities as hereinafter provided, (b) refunding maturing securities, (c) financing the Company's ongoing construction, as further described in Section 9 hereof (including the acquisition of nuclear fuel) or (d) the Company's general purposes, as allowed. In each case, such proceeds may be used for the repayment of short-term debt incurred for such purposes.

When the net proceeds from the issuance of any of the Proposed Securities will be applied and used by the Company to purchase or redeem certain of the Company's outstanding unmatured debt securities, such issuances will be made from time to time when market conditions permit, on terms which would result in a lower cost of money to the Company. Any premium paid on purchased or redeemed debt securities will be amortized over the life of the new securities, and the Company proposes to include the after-tax amount of such unamortized premium in Company's rate base as a component of working capital. As previously noted, the net proceeds of any of the Proposed Securities may be applied and used by the Company to refund maturing securities, including the repayment of short-term debt incurred for that purpose. A schedule of the maturities of the Company's outstanding debt securities is provided in Exhibit A.

9. Electric Plant and Demand Growth

The Company is continuing its construction program of additions to its electric generation, transmission and distribution facilities in order to, among other things, (i) meet the long-term expected increase in demand for electric service, (ii) construct and maintain an adequate margin of reserve generating capacity, and (iii) conduct necessary replacements of major generating plants and plant components.

The Company connected approximately 7,500 new customers in 2011 and continues to incur significant capital expenditures related to expanding and replacing its transmission and distribution system.

The Company's electric energy sales for both 2010 and 2011 were approximately 75 million megawatt hours. Sufficient financing of its current construction program is essential if the Company is to continue to be able to meet its obligations to the public to provide adequate and reliable electric service. The Company's electric plant construction expenditures (including expenditures for the acquisition of nuclear fuel) were \$2.2 billion for each of 2010 and 2009, respectively. Further information is set forth in the Company's financial statements attached as exhibits to this Application.

The Company's plans include incurring significant capital expenditures for maintenance of its existing generation plants, and construction of new electric generation plants. During the period 2012 through 2013, the Company plans to invest approximately \$4.2 billion in its electric plant. Adequate financing authority as applied for herein will allow the Company to access the capital markets to efficiently fund these necessary capital expenditures.

10. Purposes and Compatibility with Public Interest

The purposes of the issuance, sale, and/or incurrence of the Proposed Securities are lawful objects within the limits of the Company's authority and purposes under the applicable laws and regulations, and as set forth in its Limited Liability Company Operating Agreement, as amended, which is on file with this Commission. For the reasons set forth above, the issuance and sale of the Proposed Securities will be compatible with the public interest, will be necessary and appropriate for, and consistent with, the proper performance by the Company of its service to

the public as a utility, will not impair its ability to perform that service, and will be reasonably necessary and appropriate for such purpose.

11. Financial Condition and Operating Reports

The financial condition of the Company and its results of operations are shown by the Company's Annual Reports to the Commission and by other records of the Commission relating to the Company.

12. Exhibits

Exhibits in support of the Application include:

EXHIBIT A	Schedule of Outstanding First and Refunding Mortgage Bonds, Notes and Other Obligations of the Company as of September 30, 2011.
EXHIBIT B-1	Copy of Senior Indenture of the Company to the Bank of New York Mellon, as Trustee, dated as of September 1, 1998. This exhibit is on file with the Commission in Docket No. 98-469-E.
EXHIBIT B-2	Copy of Subordinated Indenture of the Company to the Bank of New York, Mellon as Trustee, dated December 1, 1997. This exhibit is on file with the Commission in Docket No. 97-475-E.
EXHIBIT C	Copy of the Company's Limited Liability Company Operating Agreement dated as of April 3, 2006, as amended. This exhibit is on file with the Commission in Docket No. 2007-338-E.
EXHIBIT D	Annual Reports of the Company to the Commission and other records of the Commission relating to the Company. Reference is made to these reports and records on file with the Commission.
EXHIBIT E	Unconsolidated Balance Sheet of the Company at September 30, 2011, including pro forma effects of proposed issuance and sale.
EXHIBIT F-1	Unconsolidated Statement of Income of the Company for the nine months ended September 30, 2011.
EXHIBIT F-2	Unconsolidated Statement of Income of the Company for the twelve months ended December 31, 2010.

EXHIBIT G Unconsolidated Statement of Cash Flows for the nine months ended September 30, 2011; and Statement of Retained Earnings of the Company for the nine months ended September 30, 2011.

EXHIBIT H Unconsolidated Statement of Capitalization of the Company at September 30, 2011, including pro forma effects of proposed issuance and sale.

WHEREFORE, Duke Energy Carolinas respectfully prays that its request for approval to issue and sell securities, all in the manner herein set forth, be authorized and approved by this Commission.

This 23rd day of March, 2012.



Timika Shafeek-Horton
Deputy General Counsel
Duke Energy Carolinas, LLC
550 South Tryon Street
Charlotte, North Carolina 28202
(704) 382-6373
Timika.shafeek-horton@duke-energy.com


and

Robert T. Lucas III
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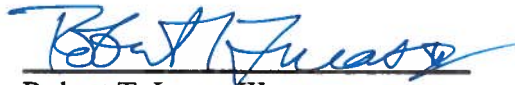
ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

**VERIFICATION
PURSUANT
TO
§ 58-27-1720**

The undersigned officers of Duke Energy Carolinas, LLC verify that this Application is in compliance with § 58-27-1720, South Carolina Code of Laws (1976 as amended).



Stephen G. De May
Senior Vice President Investor Relations and
Treasurer



Robert T. Lucas III
Assistant Secretary

DUKE ENERGY CAROLINAS
UNCONSOLIDATED SCHEDULE OF OUTSTANDING FIRST AND REFUNDING MORTGAGE BONDS, NOTES AND OTHER OBLIGATIONS
December 31, 2011
(Dollars in Thousands)

EXHIBIT A
1 of 1

Description of Securities	Date of Issuance	Date of Maturity	Amount Outstanding	Authority for Issue	
				North Carolina	South Carolina
First and Refunding Mortgage Bonds					
8.950%	7/01/1991	7/01/2027	12,507	Docket No. B-209, Sub 31	Docket No. 91-284-E
5.300%	3/21/2003	10/01/2015	500,000	Docket No. E-7, Sub 727	Docket No. 2003-183-E
5.250%	1/07/2008	1/15/2018	400,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
6.000%	1/07/2008	1/15/2038	500,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
5.100%	4/14/2008	4/15/2018	300,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
6.050%	4/14/2008	4/15/2038	600,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
5.750%	11/17/2008	11/15/2013	400,000	Docket No. E-7, Sub 862	Docket No. 2007-338-E
7.000%	11/17/2008	11/15/2018	500,000	Docket No. E-7, Sub 862	Docket No. 2007-338-E
4.300%	6/02/2010	6/15/2020	450,000	Docket No. E-7, Sub 937	Docket No. 2007-338-E
5.300%	11/19/2009	2/15/2040	750,000	Docket No. E-7, Sub 862	Docket No. 2007-338-E
3.900%	5/19/2011	6/15/2021	500,000	Docket No. E-7, Sub 937	Docket No. 2007-338-E
1.750%	12/08/2011	12/15/2016	350,000	Docket No. E-7, Sub 937	Docket No. 2007-338-E
4.250%	12/08/2011	12/15/2041	650,000	Docket No. E-7, Sub 937	Docket No. 2007-338-E
Subtotal			<u>5,912,507</u>		
Tax Exempt Bond Obligations					
Series 1990 York County	5/23/1990	8/01/2014	40,000	Docket No. E-7, Sub 465	Docket No. 90-335-E
Series 1999 Gaston County	10/28/1999	10/01/2012	20,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 1999A Oconee County	10/28/1999	2/01/2017	25,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 1999B Oconee County	10/28/1999	2/01/2017	10,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 2006A NCCFFA	10/18/2006	10/01/2031	71,605	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Series 2006B NCCFFA	10/18/2006	10/01/2031	71,595	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Series 2008A NCCFFA	4/18/2008	11/01/2040	50,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Series 2008B NCCFFA	4/18/2008	11/01/2040	50,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Series 2009	9/01/2009	2/01/2017	77,000	Docket No. E-7, Sub 520	Docket No. 93-161-E
Subtotal			<u>415,200</u>		
Senior Debt					
6.000%	12/04/1998	12/01/2028	300,000	Docket No. E-7, Sub 631	Docket No. 98-469-E
6.250%	1/14/2002	1/15/2012	750,000	Docket No. E-7, Sub 691	Docket No. 2001-140-E
6.450%	10/08/2002	10/15/2032	350,000	Docket No. E-7, Sub 707	Docket No. 2002-88-E
5.625%	11/20/2002	11/30/2012	400,000	Docket No. E-7, Sub 720	Docket No. 2002-359-E
6.100%	6/05/2007	6/01/2037	500,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
7.45% – NP&L	8/03/1998	11/30/2012	1,533	Docket No. E-7, Sub 727	Docket No. 2003-184-E
6.9% – NP&L	6/30/1998	12/30/2016	11,667	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Subtotal			<u>2,313,200</u>		
Obligation under capital lease			34,388		
MoneyPool			300,000		
Unamortized Debt Discount and Premium, Net			(13,981)		
Other-Long Term Debt			312,662		
Current Maturities of Long-Term Debt			<u>(1,177,728)</u>		
Non-Current Portion of Long-Term Debt			8,096,249		

Note

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED BALANCE SHEETS
December 31, 2011
(Dollars in Thousands)

ASSETS	Actual	Proforma Adjustments	Proforma
CURRENT ASSETS			
Cash	\$ 288,861		\$ 288,861
Short-term investments	-		-
Receivables	1,243,356		1,243,356
Less allowances for losses	(2,566)		(2,566)
Receivables, net	1,240,790		1,240,790
Restricted receivables of variable interest entities	586,586		586,586
Allowance for doubtful accounts	(6,000)		(6,000)
Restricted receivables of variable interest entities, net ..	580,586		580,586
Inventory - at average cost	927,418		927,418
Current maturity of deferred debits	137,915		137,915
Prepayments and other	104,984		104,984
Total current assets	3,280,554		3,280,554
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to subsidiaries and affiliates. . .	11,034		11,034
Other investments, at cost or less	18,000		18,000
Nuclear decommissioning trust funds	2,060,369		2,060,369
Total investments and other assets	2,089,403		2,089,403
PROPERTY, PLANT AND EQUIPMENT			
Electric plant in service (at original cost)			
Production	15,141,296		15,141,296
Transmission	2,699,010		2,699,010
Distribution	8,955,111		8,955,111
Other	1,135,954		1,135,954
Electric plant in service	27,931,372		27,931,372
Accumulated depreciation and amortization	(10,750,815)		(10,750,815)
Electric plant in service, net	17,180,557		17,180,557
Nuclear fuel	1,036,333		1,036,333
Accumulated amortization	(577,896)		(577,896)
Nuclear fuel, net	458,437		458,437
Construction work in progress	3,743,122	\$ 418,402 (A)	4,161,524
Nuclear Fuel in process	176,913		176,913
Total construction work in progress	3,920,035	418,402	4,338,437
Total electric plant, net	21,559,029	418,402	21,977,431
Other property - at cost	112,673		112,673
Accumulated depreciation	(21,049)		(21,049)
Total other property, net - at cost	91,624		91,624
Total property, plant and equipment, net	21,650,653	418,402	22,069,055
DEFERRED DEBITS			
Debt expense, primarily refinancing costs, being amortized over the terms of related debt	71,379		71,379
Regulatory asset related to income taxes	668,480		668,480
Injuries & Damages Insurance Receivable	780,529		780,529
Other	1,248,966		1,248,966
Total deferred debits	2,769,354		2,769,354
TOTAL ASSETS	\$ 29,789,964	\$ 418,402	\$ 30,208,366

Notes

(A) Balance of debt-issuance proceeds will be used to retire current maturities of long-term debt and debt maturing in 2012 and 2013 and to fund construction work-in-progress.
Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED BALANCE SHEETS
December 31, 2011
(Dollars in Thousands)

	<u>Actual</u>	<u>Proforma Adjustments</u>	<u>Proforma</u>
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 808,883		\$ 808,883
Notes payable	-		-
Taxes accrued	144,840		144,840
Interest accrued	130,560		130,560
Current maturities of long-term debt and preferred stock	1,177,728	\$ (1,177,728)	-
Other	400,881		400,881
Total current liabilities	<u>2,662,892</u>	<u>(1,177,728)</u>	<u>1,485,164</u>
LONG-TERM DEBT	7,796,249	1,596,130	9,392,379
NON-RECOURSE LONG-TERM DEBT OF VARIABLE INTEREST ENTITIES	300,000		300,000
ACCUMULATED DEFERRED INCOME TAXES, NET	4,477,723		4,477,723
DEFERRED CREDITS AND OTHER LIABILITIES			
Investment tax credit	233,079		233,079
Nuclear Decommissioning costs externally funded	263,574		263,574
Asset Retirement Obligation	1,845,864		1,845,864
Other	2,756,957		2,756,957
Total deferred credits and other liabilities	<u>5,099,474</u>		<u>5,099,474</u>
MEMBERS' EQUITY			
Accumulated Other Comprehensive Income	(19,331)		(19,331)
Retained earnings/Paid-In Capital	9,472,957		9,472,957
Total members' equity	<u>9,453,626</u>		<u>9,453,626</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 29,789,964</u>	<u>\$ 418,402</u>	<u>\$ 30,208,366</u>

Notes

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED INCOME STATEMENT
Twelve Months Ending December 31, 2011
(Dollars in Thousands)

EXHIBIT F-1
1 of 1

Description	Actual
Electric Revenues	\$ 6,484,377
Electric Expenses	
Operation	
Fuel Used in Electric Generation	1,644,757
Purchased Power	299,060
Other Operation	1,268,286
Maintenance	619,801
Deprec & Amort	808,891
Taxes	
General	336,750
Federal Income	(102,779)
State Income	36,324
Provision for Deferred Income	529,932
ITC	(6,881)
Total Electric Expenses	5,434,141
Electric Operating Income	1,050,237
Other Income	
Allow for Other Funds During Construction	167,811
Earnings of Subsidiaries	-
Other Dividends and Interest	9,901
Other-Net	7,775
Other Income Deductions	(25,327)
Income Taxes-Non-Utility	(2,067)
Prov for Deferred Inc Tax (Non-Util)	(13,677)
Total Other Income, Net	144,416
Gross Income	1,194,653
Interest Deductions	
Interest on Long-Term Debt	420,414
Allow for Borrowed Funds During Construction	(76,472)
Other Interest	(371)
Amortization of Debt Discount & Expense	16,719
Total Interest Deductions	360,290
Net Income	\$ 834,363

Note

This schedule represents the actual income statement for twelve months.
No proforma adjustments were calculated.
Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED INCOME STATEMENT
Twelve Months Ending December 31, 2010
(Dollars in Thousands)

EXHIBIT F-2
1 of 1

Description	Actual
Electric Revenues	\$ 6,415,512
Electric Expenses	
Operation	
Fuel Used in Electric Generation	1,714,513
Purchased Power	246,128
Other Operation	1,291,622
Maintenance	580,353
Deprec & Amort	777,484
Taxes	
General	346,119
Federal Income	(131,941)
State Income	(25,013)
Provision for Deferred Income	599,966
ITC	(7,418)
Total Electric Expenses	5,391,813
Electric Operating Income	1,023,699
Other Income	
Allow for Other Funds During Construction	173,823
Earnings of Subsidiaries	(522)
Other Dividends and Interest	22,717
Other-Net	15,597
Other Income Deductions	(13,100)
Income Taxes-Non-Utility	(12,588)
Prov for Deferred Inc Tax (Non-Util)	(9,506)
Total Other Income, Net	176,421
Gross Income	1,200,120
Interest Deductions	
Interest on Long-Term Debt	399,200
Allow for Borrowed Funds During Construction	(83,230)
Other Interest	30,303
Amortization of Debt Discount & Expense	16,026
Total Interest Deductions	362,299
Net Income	\$ 837,821

Note

This schedule represents the actual income statement for twelve months.
No proforma adjustments were calculated.
Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED STATEMENTS OF CASH FLOWS
 Twelve Months Ending December 31, 2011
 (Dollars in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 834,363
Adjustments to reconcile net income to net cash (used in) operating activities:	
Depreciation	735,176
Amortization including Nuclear Fuel	282,216
Impairment Charges	12,488
Deferred income taxes and investment tax credit(Net)	536,728
Contributions to qualified pension plans	(33,066)
(Increase) Decrease in	
Receivables	(39,745)
MTM and Hedging Transactions	(91,155)
Inventory	(179,748)
Increase (Decrease) in	
Accounts payable	74,009
Taxes accrued	145,910
Interest accrued and other liabilities	(173,412)
Allowance for equity funds used during construction	(167,811)
Earnings of affiliates	0
Other, net	(60,759)
Total adjustments	1,040,831
Net cash provided by (used in) operating activities	1,875,194

CASH FLOWS FROM INVESTING ACTIVITIES

Construction expenditures and other property additions	(1,958,373)
Investment in nuclear fuel	(313,336)
Investment in affiliates	(584,285)
Net change in investment securities	(48,304)
Other, net	(11,510)
Net cash provided by (used in) investing activities	(2,915,808)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of	
Long Term Debt	1,497,821
Short term Debt	-
Payments for the redemption of	
Long Term Debt	(6,857)
Short term Debt	-
Cash Distribution to Parent	(300,000)
Other	(14,447)
Net cash provided by (used in) financing activities	1,176,517

Net increase (decrease) in cash and cash equivalents	135,903
Cash and cash equivalents at beginning of period	152,958
Cash and cash equivalents at end of period	\$ 288,861

Note

This schedule represents actual cash flows for twelve months. No proforma adjustments were calculated.

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
STATEMENT OF RETAINED EARNINGS
Twelve Months Ending December 31, 2011
(Dollars in Thousands)

BALANCE - December 31, 2010	\$ 8,938,594
ADD - Net income	834,363
LESS- Cash Distribution to Parent.	(300,000)

Total	9,472,957
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BALANCE - December 31, 2011	\$ 9,472,957
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Note

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED STATEMENTS OF CAPITALIZATION
Twelve Months Ending December 31, 2011
(Dollars in Thousands)

			December 31 2011	Percent of Total	Proforma	Proforma Amount	Percent of Total
MEMBERS' EQUITY							
Accumulated Other Comprehensive Income			\$ (19,331)			\$ (19,331)	
Members' Equity			9,472,957		-	(A) 9,472,957	
Total members' equity			9,453,626	53.9		9,453,626	49.4
LONG-TERM DEBT (A)							
	Rate	Year Due					
First and refunding mortgage bonds	5.75%	2013	400,000		\$ (400,000) (B)	-	
	5.30%	2015	500,000			500,000	
	5.25%	2018	400,000			400,000	
	5.10%	2018	300,000			300,000	
	7.00%	2018	500,000			500,000	
	4.30%	2020	450,000			450,000	
	8.95%	2027	12,507		(795) (B)	11,712	
	6.00%	2038	500,000			500,000	
	6.05%	2038	600,000			600,000	
	5.30%	2040	750,000			750,000	
	3.90%	2021	500,000			500,000	
	1.75%	2016	350,000			350,000	
	4.25%	2041	650,000			650,000	
					2,000,000 (C)	2,000,000	
Tax-exempt series, 1990	0.50%	2014	40,000			40,000	
Tax-exempt series, 1999	0.15%	2012	20,000		(20,000) (B)	-	
	0.13%	2017	25,000			25,000	
	0.15%	2017	10,000			10,000	
Tax-exempt series, 2008	4.63%	2040	50,000			50,000	
	4.63%	2040	50,000			50,000	
Tax-exempt series, 2006	4.38%	2031	71,605			71,605	
	4.38%	2031	71,595			71,595	
Tax-exempt series, 2006	3.60%	2017	77,000			77,000	
Total mortgage and pollution control bonds			6,327,707		1,579,205	7,906,912	
Senior Debt	5.625%	2012	400,000		(400,000) (B)	-	
	6.250%	2012	750,000		(750,000) (B)	-	
	6.10%	2037	500,000			500,000	
	6.00%	2028	300,000			300,000	
	6.45%	2032	350,000			350,000	
	6.90%	2016	11,667		(4,667) (B)	7,000	
	7.45%	2012	1,533		(1,533) (B)	-	
Total senior debt			2,313,200		(1,156,200)	1,157,000	
Capitalized leases			34,388		(4,603)	29,785	
Non-Recourse Long-Term Debt of Variable Interest Entities			300,000			300,000	
Other long-term debt instruments			312,662			312,662	
Unamortized debt discount and premium, net			(13,981)			(13,981)	
Current maturities of long-term debt			(1,177,728)		1,177,728	-	
Total unconsolidated long-term debt			8,096,249	46.1	1,596,130	9,692,378	50.6
TOTAL CAPITALIZATION			\$ 17,549,876	100.0	\$ 1,596,130	\$ 19,146,004	100.0

Notes:

(A) No proforma adjustments were calculated for Members' Equity (e.g. net income additions)

(B) Amounts reflect the maturity of long-term debt in 2012 and 2013.

(C) Represents the total amount of financing requested per this application.

Detail amounts may not add due to rounding.